

While most Americans understand taxes to be a basic obligation of citizenship, many are left feeling frustrated, angry or even cheated after filing their federal taxes each year. Many middle-class taxpayers and small-business owners feel that other people pay less than their fair share and it gets more and more difficult every year to file federal taxes.

I want to reform the tax code to make it simpler and fairer, which will help ensure that everyone pays their fair share - nothing more and nothing less - and make it easier for all Americans to pay their taxes.

The Internal Revenue Code, or tax code, has become a maze of complexity that treats many taxpayers unfairly. Many Americans cannot afford to pay accountants to take advantage of the code's loopholes, creating an opportunity for those who would - or can afford to - exploit its complexity to avoid paying their fair share.

Today, it takes a typical American family eight hours and 15 minutes longer to fill out their tax return than it did in 1994. Despite promises to the contrary, Republicans in Congress have made no serious effort to simplify the tax code for the middle class and small businesses. In just the past four years, they have increased the tax code and regulations by more than 10,000 pages. And since Republicans took control of Congress in 1995, the tax code has grown to 60,000 pages from about 40,000 pages.

In the 108th Congress alone (2003-'04), the Republicans made nearly 900 changes to the tax code. Just one Republican tax bill made 561 changes to the tax code, requiring more than 200,000 additional words. This bill requires more than 10 percent of all small businesses to keep additional records, which will result in more disputes with the IRS, increase tax preparation costs and require additional complex calculations.

President Bush appointed an Advisory Panel on Federal Tax Reform in December and charged it with presenting ideas for reforming the tax code before July 31. Unfortunately, the panel's work has been delayed several months and it met on July 20 only to discuss the work it has

conducted in private since the last public hearing in May.

The panel is expected to present its ideas by Sept. 30, but that may come too late for action this year. Democrats are committed to enacting real tax reform.

First, we must defuse the Alternative Minimum Tax, which was enacted in 1969 to ensure that high-income Americans pay their fair share. But it has become a ticking tax time bomb that will explode in just a few years. More than 3 million Americans will be subject to the AMT in 2005. In five years, that number will explode to nearly 35 million, ensnaring tens of millions of middle-class taxpayers who should not be subject to the tax.

Second, we must level the playing field between small businesses and large corporations. We should simplify tax rules for small businesses, which along with the self-employed bear the greatest tax compliance burden. The IRS estimates that the average taxpayer with self-employed status has the greatest compliance burden in terms of preparation: 59 hours. This is about 10 hours longer than in 1994. And we must overhaul the corporate income tax to eliminate tax breaks that encourage American companies to move jobs overseas rather than create jobs here at home.

Finally, Democrats believe it would be especially helpful to the middle class to streamline tax incentives for education and retirement savings. For example, there are more than a dozen tax-advantaged retirement planning programs with different rules on who is eligible and how much you can contribute, withdraw or take as a loan. This maze of rules and regulations creates confusion and makes it difficult for taxpayers to take advantage of these important programs.

Democrats will closely watch the Tax Reform Panel's recommendations in September and monitor its progress over the coming months to ensure that their work is not postponed indefinitely or pushed to the back burner.

*Steny Hoyer, a Democrat, represents Maryland's 5th Congressional District.*